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# UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

# FIRST COUNTRY COOPERATION FRAMEWORK FOR MAURITIUS (1997-1999)

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## INTRODUCTION

1. The first country cooperation framework (CCF) for Mauritius was the result of negotiations between the Resident Representative and the Government, and included a series of discussions with representatives of United Nations specialized agencies working in Mauritius and other development partners.

2. It represents, from the Government's point of view, the most effective use of UNDP resources in support of sustainable human development (SHD) efforts in Mauritius.

## I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. During recent years, Mauritius has registered rapid economic growth. It has achieved social and economic successes that have brought almost full employment, higher incomes and improvements in living conditions. The economic development policies pursued since independence were also successful in reducing poverty: a Gini coefficient of 0.38 in 1992 is indicative of the fairly equitable spread of the fruits of past growth. Mauritius realized a human development index of 0.825, placing it in 54th position in the Human Development Report, 1996. Economic growth has been associated with major structural changes. Mauritius has moved from a primary monocrop (sugar) economy to a larger, more productive and more diversified economy where secondary and tertiary activities dominate. Per capita income has increased from $US 700 in 1975 to $US 3,400 in 1995.

4. The major factors underlying this success are political stability, commitment to export-led policies, a well-managed economy, preferential treatment in European Union countries under the Lomé Convention, favourable terms of trade, low wages, a well-designed package of fiscal incentives and multiple cultural affinities, favouring joint ventures with inward investors.

5. Despite the above accomplishments, weaknesses in the structure of society subsist. Areas of concern identified by the Government and civil society as deserving priority action include the following needs: (a) modernizing the education system, thus ensuring that all Mauritians are able to participate in the rapidly changing world economy; (b) addressing inconsistencies in the demand and supply of vocational training; (c) improving the quality of health services; (d) increasing the supply of affordable housing; (e) resolving bottlenecks in child care services with respect to the growing proportion of women in the labour force; (f) breaking the deadlock with respect to the "glass ceiling" which impedes professional women from achieving their full share in the decision-making process; (g) reversing the disruption of traditional family values and the emergence of social exclusion and potential marginalization phenomena pertaining to the elderly, especially for female-headed households and the disabled; (h) redressing poverty; (i) halting problem behaviour (drugs and alcohol); and (j) lifting the potential threat to the financial sustainability of the social security and pension systems at a period when the population is ageing.

6. According to World Bank estimates, in 1992 about 10 per cent of the population had monthly incomes of less than Rupees 2,168 (about $US 110). More widespread than income poverty is capability poverty. The 1996 Human Development Report, 1996 ranks Mauritius 28th with respect to the capability development measure in a group of 101 developing countries, while it ranks 6th in the same group according to real gross domestic product per capita. An analysis of the capability poverty measure points to a relatively high female illiteracy rate, a number of births still unattended by trained health personnel and a significant number of underweight children under the age of 5 years. These results are ascribed to insufficient education and vocational training, as well as inadequate pre-natal, neo-natal and post-natal care, with supply side problems compounded by the inability of working women to be granted leave to visit their physicians. Safety nets are not targeted, making no income distinctions (e.g., general flour and rice subsidies, same small pensions for all, etc.).

7. Concurrent with the above concerns, the dominant paradox which Mauritius must resolve in the forthcoming years arises from the fragility or sustainability of its success, and the widely-shared aspirations of the people for an equitable share in the future of the benefits of this very vulnerable success. In this context, the main challenge is a result of the fact that capability development lags behind economic development. While in the past, economic growth and some prosperity were achieved by using cheap, unskilled labour in the production of sugar and textiles, current international developments may well turn the existing capability poverty into actual poverty. Advancing mechanization in the sugar industry can lead to the release of unskilled labour from this sector. The liberalization of world trade and the erosion of preferential treatment of Mauritius' textile exports, with wages rising well above those in other producing countries, expose Mauritius to the possibility of increasing unemployment.

8. A combination of emerging economic factors and circumstances, both internal and external, have created some uncertainties with respect to Mauritius' continued growth that could have a harmful impact on social and environmental balance. These include: (a) the market outlook for Mauritius' main exports is increasingly unpredictable in view of the conclusion of the General Agreement on Tariffs and Trade and regional trade groupings; (b) wages have risen to a level which rules out continued expansion unless productivity is raised; (c) present scientific and technological capability in Mauritius is not embedded in the production processes sufficiently to sustain intensified global competition; (d) the quality of Mauritius' physical environment is endangered by the expanding demands of the industrial sector, increasing reliance on the tourism sector; (e) national solidarity is weakened by exposure to external cultures; and (f) both domestic savings and investment have been declining.

9. In order to maintain the momentum of growth and to face the above challenges, the Government's policies and priorities emphasize sustainable development through the enhancement of human resources and the upgrading of economic infrastructure. Paramount importance is given to the social and environmental aspects of growth, particularly to the need for relieving the social stresses generated by rapid economic development, and for cost-effective

environmental protection. The Government's strategy to prevent the re-emergence of poverty on a wider scale attempts to address the following issues:

(a) Strengthening of governance to provide sound regulatory, legislative, and macroeconomic frameworks;

(b) Development of new sources of growth in the secondary and tertiary sectors;

(c) Improvement of formal education; and retraining of employees from the labour releasing sectors; and

(d) Improvements in the provision of health and social services.

10. Furthermore, in order to enhance the country's preparedness to compete internationally, Mauritius actively pursues regional economic integration, as witnessed by its joining recently of the Southern African Development Community (SADC). Mauritius also plays a leading role in the Indian Ocean Rim Association for Regional Cooperation (IOC-ARC), as well as through the Common Market for Eastern and Southern Africa (COMESA).

## II. RESULTS AND LESSONS OF PAST COOPERATION

11. The UNDP fifth country programme for Mauritius has achieved strategic results for sustainable human development. In the area of development management, the National Long-Term Perspective Studies exercise was completed, with joint funding from the Government and UNDP. Its product is contained in the document 'Vision 2020', which provides a platform of political, economic and social options for the next generation. Under the Physical Assets Management Plan project, a policy on public assets management was formulated that has a direct effect on the efficiency and effectiveness of the public sector, while generating public savings.

12. In the social sector, the Action Plan for the Health Sector, which is aimed at an improved and more cost-effective national health delivery system, was produced by the Government with funding from UNDP, the United Nations Children's Fund and the World Bank. A donors' consultative meeting for the implementation of the Education Sector Master Plan was convened which yielded pledges of $US 49 million; this resource mobilization effort was supported by UNDP in collaboration with the World Bank and the United Nations Educational, Scientific and Cultural Organization. Consequently, an ongoing UNDP programme is being supported to improve the managerial and pedagogical skills of the Ministry of Education, Science and Technology.

13. In the environment sector, UNDP, through the global environment facility (GEF), assisted in the restoration of a plot of degraded native forest, essential to the survival of two highly threatened endemic birds, the echo parakeet, of which only 18 specimens are still known to survive, and the pink pigeon, with 150 surviving individuals.

14. In support of sustainable livelihoods, the Government, in collaboration with the International Labour Organization (ILO) and UNDP, collaborated in strengthening the workers' education structures and has fostered improved relationships among its social partners for a more active and meaningful participation of workers in the socioeconomic policy dialogue. Moreover, some 10 small- to medium-size enterprises in the garment sector have improved their productivity by 100 to 200 per cent, through the application of better organization and production technologies, under a project involving UNDP and the United Nations Industrial Development Organization (UNIDO), which was completed in 1994.

15. In the area of gender in development, a strategy for women entrepreneurship has been devised with UNDP/UNIDO/ILO cooperation, for which implementation is supported by UNDP and UNIDO, in collaboration with the private sector and the Ministry of Women. This project has created an enabling environment to mainstream gender initiatives and to produce a White Paper on women in development, through the support provided by UNDP to the Ministry for Women, Family Welfare and Child Development.

16. Apart from applying national execution and the programme approach, the Government and UNDP mutually agreed at the time of formulation of the Fifth Country Programme that UNDP assistance would concentrate in playing a catalytic role, and that UNDP funding should be used as seed money in the initiation of studies, innovative projects and programmes, and the transfer of technology. The seed money concept has not been effective, because bilateral and multilateral financing agencies require preparatory studies or assessments, of interest to them, to be carried out under their own aegis. Duplication of effort ensued whenever a first study was supported with UNDP funding. The Government has therefore, at an early stage of the previous programme, agreed to refocus UNDP seed funding on more general analytical work.

17. The impact of the fifth country programme is nevertheless satisfactory when viewed from a short-term pragmatic and sub-sectoral project-level perspective. A verification of the success indicators outlined in the fifth country programme document itself corroborates this point. An in-depth assessment shows that the programme is still somewhat scattered among different players, and a longer term analysis reflects residual diffusion among the various activities. This is less true in respect to the indicative planning figure (IPF) resources, which are jointly managed by the Government and UNDP at the local level, than for the other UNDP finance opportunities, such as technical support services, the GEF, the Montreal Protocol, etc. It needs to be said, however, that the perceived diffraction is simply due to the scale of the UNDP country programme when looked at within the much larger government programme, with UNDP IPF disbursements representing just 0.1 per cent of government expenditures in 1995, for example. In this context, concentrating all of UNDP resources on a single sector would not make an appreciable difference in that sector. On the contrary, such an approach would deprive Mauritius of the richness of the United Nations system's know-how in its full diversity, and the result would most likely be to "focus UNDP out of relevance" in the country.

## III. PROPOSED STRATEGY AND THEMATIC AREAS

18. The advanced stage of development reached by Mauritius, the limited target for resource assignment from the core (TRAC) allocation available, and Mauritius' stature as a small island State with a population consisting of several ethnic communities, require the adoption of a special strategic approach for UNDP cooperation, different from traditional technical cooperation programmes. Mauritius has now reached a stage of development that is ripe for the Government to conceive and implement priority programmes using local talent, and to raise the necessary finance on its own, either from domestic sources, or through borrowing in the international capital markets. In this situation it is neither necessary nor desirable that UNDP should finance sectoral projects or programmes that have narrowly defined "focused" objectives. During the joint review of the fifth country programme with the Government it was determined that in the concrete development context, UNDP comparative advantage in relation to national capacities and other donors lies in its capacity to harness highly specialized, neutral advice and assistance, through the United Nations system and/or technical cooperation among developing countries (TCDC) at the strategy and policy levels. It is thus proposed that UNDP cooperation should take the form of a "horizontal programme", to assist the Government in the development of policies and strategies at the national level, in areas where national capacities are weak or not available, with the goal of achieving SHD in Mauritius through enhanced levels of human resource capability.

19. UNDP cooperation will be through the provision of well-targeted, short-term consultancies and the provision of highly-specialized training to decision-makers, including government officials, the private sector, non-governmental organizations (NGOs) and other civil society organizations. The focus of these interventions will be the development of sectoral and inter-sectoral strategies and policies to ensure that economic growth derived from maintained international competitiveness translates into sustainable human development, i.e., increased well-being and broadened choices for all members of society. As noted above, there is a pressing need for a continuous assessment and analysis of the relationship between the evolving international supply-and-demand situation and its possible implications for the existing and projected strengths and weaknesses of the national economy - and the human resource capital from which it has derived its strength and whose needs it is designed to serve - and for a capacity to prepare and introduce appropriate and innovative measures accordingly. The above strategy finds its inspiration in the concept of SHD and hinges on upstream consensus-building policy dialogue, the central goals of UNDP.

20. The National Long-Term Perspective Studies' product, "Vision 2020", outlines the broad directions which the development of Mauritius should take over the next 25 years, to fulfil the aspirations of its people. The challenge now lies in the operationalization of the strategies outlined by National Long-Term Perspective Studies (NLTPS). The implementation of these strategies will put high demands on the analytical capacities and on decision-makers responsible for their operationalization. While in several sectors these capacities are available, the development of inter-sectoral strategies and the design of plans relating to particular sectors of the economy require

strengthening through education and training, and through the limited provision of expertise.

21. Some of the themes addressed through projects in the previous cycle, such as gender and environmental concerns, are still relevant for the current programme and will be integral components of UNDP cooperation with Mauritius. However, the main focus of the programme will be the creation of enhanced human resource capabilities which aim to strengthen governance and poverty reduction capabilities of the Government, private sector and civil society. Areas which have been identified as requiring such strengthening and support, based on the analysis of the NLTPS and various other policy documents, and clarified in the continuous dialogue between UNDP and the Government, the private sector, NGOs and other civil society organizations, include:

(a) Improvement of regulatory frameworks to facilitate: (i) emerging productive endeavours and economic opportunities, (ii) the enhanced performance of the judiciary branch, (iii) decentralized public administration, (iv) de-investiture from economic activities, and (v) protection of biodiversity and conservation of the terrestrial, marine and coastal environment;

(b) Reform of the learning (education and training) systems;

(c) Upgrading of people's well-being and health services' capacity; and

(d) Providing equal opportunities for all women and men, and empowering civil society through policy analysis and management for the promotion of gender, poverty eradication, environment and sustainable livelihoods.

22. UNDP core inputs will also be designed to provide strategic synergy and to serve as an entry point for other donors in these domains. Other UNDP and associated funds, as well as United Nations inputs, will continue to be applied in complementary fashion on a more project-specific basis, including GEF, Capacity 21, Montreal Protocol, United Nations Centre for Human Rights, and the specialized agency trust funds.

23. Further synergies will be sought from the natural convergence between the strategic directions and issues suggested by the NLTPS and other local policy documents on the one hand, and the programme of action for the Sustainable Development of Small Island Developing States (SDSIDS) endorsed at the global conference held in Barbados in 1994. Some of the proposed SDSIDS actions will be central elements of UNDP capacity-building efforts financed from core resources (human resource development, strengthening of national institutions and administrative capacity, and tourism).

24. For other areas, non-core resources will be sought from GEF, Action 21 and other funds pertaining to climate change and sea-level rise, coastal and marine environment, and biodiversity.

25. In the area of water resources, UNDP collaborates closely with the United Nations Food and Agriculture Organization (FAO) to ensure a sustainable supply of water for Rodrigues, while other SDSIDS actions are supported by ongoing programmes of other donors. For instance, there are programmes by: (a) the

European Union on waste management; (b) the World Bank and the Caisse Française de Développement in the areas of energy resources, as well as transport and communications; and (c) the World Bank and the African Development Bank in the areas of science and technology. UNDP collaborates closely with the Indian Ocean Commission for which regional funds will be sought to strengthen and support this organization. Capacity-building in other areas of regional and inter-regional cooperation will also be an element of UNDP cooperation to Mauritius. The Government and its development partners consider regional cooperation to be a quintessential strategy to enhance trade and investment flows, in particular with SADC, COMESA, and IOR-ARC countries. At the level of technical cooperation, TCDC can be expected to take on an increasing role, with Mauritius having been selected as the "pivotal country" in the African region.

26. The participation of Mauritius in regional UNDP programmes will be an opportunity for further collaboration once concrete regional programmes in the areas of capacity-building for development management, enhancement of governance, private sector development, and trade and economic integration have been developed. Mauritius will seek full participation wherever the programmes are consonant with the national development focus and development stage. Given that Mauritius has already completed its NLTPS, it will be of particular urgency to devise strategies on how to institutionalize the NLTPS process and to review regularly whether policies and objectives outlined in the NLTPS are still relevant, to revise and adjust them, if necessary, and how to monitor the progress towards the achievement of the objectives outlined in the NLTPS.

27. It is anticipated that the UNDP first CCF for Mauritius (1997-1999) will contribute to the efforts of the Government to eradicate poverty, through sustainable maintenance of the present high levels of economic growth and by striving towards an equitable sharing of its benefits, by the year 2020. This will specifically entail developing timely sectoral and inter-sectoral SHD strategies based on a broad consensus; and making available to the productive sectors quality expertise and labour resources, and a facilitative environment; and obtaining higher levels of participation in social well-being and decision-making endeavours. The target benchmark indicator for this impact will be the reduction of the 22-point gap between the ranking of Mauritius in the capability development measure (28th in 1996) and the real GDP per capita (6th in 1996), in the year 2000 HDI measurements, as reflected in the annual UNDP Human Development Report.

## IV. MANAGEMENT ARRANGEMENTS

28. UNDP resources will be utilized in the provision of local and United Nations system services and consultancies, with individuals, research and training institutions, and private sector consulting firms. Equipment, long-term training abroad, and international expertise, if necessary, will be funded through cost-sharing, co-financing, or trust fund arrangements with the Government or donors. In Mauritius, national execution is to become the sole implementation modality programming of UNDP core resources, in close association with the United Nations specialized agencies. This resource utilization strategy will maximize the anticipated outputs in view of limited resources.

29. Participatory and proactive approaches will enable government officials to take part in analytical and policy orientation activities and involve partners in programme/project implementation and monitoring. This implies local subcontracting of activities, through appropriate tendering procedures, to Mauritian institutions and associations. Universities, training institutes, community service organizations and consulting firms have relevant expertise in various domains. Individual consultants also have a wealth of know-how to offer. By providing increased exposure to these entities, a contribution is made to the integration of Mauritian know-how with the regional or interregional culture, which will have important long-term benefits to the country.

30. National frameworks for implementing the UNDP CCF exist, but the linkages between institutions are organically weak and in need of substantial strengthening. The UNDP-supported programme will address this weakness by providing highly-targeted systems networking and human resource training, and the establishment of a poverty eradication programme steering committee that will ensure continuous monitoring and feedback, as well as maintaining the highly critical coordination mechanism.

31. The UNDP country office has undertaken measures to enhance its analytical capacity and to contribute to substantive development dialogue. These were done in order to advance the policy interaction and renew emphasis and partnership in areas of national concern, by providing better access for Mauritius to the United Nations system's neutrality and universality. It will also improve the capacity of the United nations system to make available to the rest of the world the lessons to be learned from the Mauritian experience.

32. In line with the consensus reached at the mid-term review of the fifth country programme, to keep the administrative and monitoring workload of future cooperation programmes consonant with the scope of the inputs provided by UNDP, it is considered that the single core-funding programme approach, encompassing all SHD co-financing and cost-sharing ventures, provides an appropriate occasion for formal programme review through its mid-term evaluation, and during the regular meetings of the programme steering committee. For monitoring purposes, benchmarks will be drawn up and built into the programme.

33. Over the years, UNDP has mobilized resources in collaboration with the Government of Mauritius. The country is not categorized among the round-table nor consultative group countries. It is through joint ventures whereby resources were mobilized, as in the cases of Environment Management Programme (pledges reached $US 90 million) and the Education Sector Master Plan (pledges reached $US 49 million). This collaboration will be pursued and extended, with a new focus on gender, regulatory framework and governance issues. A new resource mobilization strategy is being developed that will explore the use of government cost-sharing in given cases (e.g., emergencies) without disrupting national capacity-building; and cost-sharing in cases where the need for a balance between the members of a regional organization would preclude one of these members from playing a preeminent role, and still ensuring that UNDP neutrality would not disrupt any delicate balance.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR MAURITIUS (1997-1999)

(In thousands of United States dollars)

| Source | Amount | Comments |
|---|---|---|
| UNDP CORE FUNDS | | |
| Estimated IPF carry-over | 862 | |
| TRAC 1.1.1 | 627 | Assigned immediately to country. |
| TRAC 1.1.2 | 0 to 66.7 per cent of TRAC 1.1.1 | This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources. |
| TRAC 1.1.3 | | |
| SPPD/STS | 49 | |
| Subtotal | 1 538 a/ | |
| NON-CORE FUNDS | | |
| Government cost-sharing | 200 | |
| Sustainable development funds GEF | 800 | |
| Third-party cost-sharing | 350 | |
| Funds, trust funds and other Poverty Fund | 350 | |
| Subtotal | 1 700 | |
| GRAND TOTAL | 3 238 a/ | |

a/ Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = global environment facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.

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